

FISCAL NOTE

HB 2281 - SB 2223

February 28, 2007

SUMMARY OF BILL: Delays implementation of the Streamlined Sales Tax Agreement (SSTA) from July 1, 2007 to July 1, 2009.

ESTIMATED FISCAL IMPACT:

Forgo State Revenues - \$31,500,000 - FY07-08
\$32,900,000 - FY08-09

Forgo Local Govt. Revenues - \$41,500,000 - FY07-08
\$43,400,000 - FY08-09

Assumptions:

- A study authored by the State of Washington was used to determine the voluntary compliance of non-nexus retailers.
- There are numerous offsetting state and local impacts associated with making Tennessee conform to the SSTA.
- According to the Department of Revenue (DOR), the net fiscal impact to local governments is estimated as \$41.5 million in forgone revenues for FY07-08.
- According to DOR, the net fiscal impact to the state is estimated as \$31.5 million in forgone revenues for FY07-08.
- Based on recent trends, taxable sales in Tennessee grow at approximately 4.5% each year. The estimated impact for FY08-09 reflects this growth of the tax base.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director